



# LNG Interchangeability - Next Steps

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# Introduction



- ⤴ Two gas quality issues are being discussed today
  - hydrocarbon dew point of domestic gas
  - interchangeability of imported LNG
- ⤴ Both are important, but very different
- ⤴ This presentation focuses on interchangeability

# History of Elba Island Terminal



- 1973 – 78: Construction
- 1978 – 80: Received 55 cargoes from Algeria
- 1980 – 82: Peak day supply
- 1982 – 99: Limited state of readiness
- 1999 - 2001: Re-commissioning activities
- 2001: First ship in 20+ years
- Today: Receiving ships; expansion

# Gas Quality Has Been An Issue Throughout Elba Island's History



- ⤴ Initial operations
- ⤴ Peak day supply
- ⤴ Re-commissioning application
- ⤴ Current operations and expansion

# Even Without LNG, BTU Variability Occurs On Pipelines



- ⤴ Some end-users are sensitive to BTU changes
- ⤴ Steps we take are
  - identify those end users
  - blend on the pipeline when possible
  - establish variability parameters
  - give advance notice 24-7 when BTU changes exceed parameters

# Southern LNG Tariff Has 1075 BTU/scf Limit On Maximum Heating Value



- ⤴ Limit established as part of re-commissioning in 1999
- ⤴ All cargoes since 2001 have been below 1075 limit
- ⤴ Concern is that 1075 limit will restrict future LNG imports
- ⤴ Exploring potential addition of science-based interchangeability parameter to tariff

# We Are Using A Collaborative Approach To Potential Tariff Change



- ⤴ Participants include
  - Southern LNG
  - Shell
  - end-users downstream of Elba Island
- ⤴ Two categories of end-users
  - combustion applications
  - specialized uses



# Engaged Independent Consultant To Assess Impact On Combustion Uses



- ⤴ Introductory workshop for end-users
- ⤴ Questionnaire for end-users to identify issues
- ⤴ End-user review and comment on draft report
- ⤴ Meetings with end-users to discuss final report



# Specialized Uses Require Site-Specific Analysis



- ⤴ Examples: peak shaving or fertilizer plants
- ⤴ They are unique or proprietary applications
- ⤴ Separate technical studies underway

# Our Experience Suggests Several Going-Forward Initiatives



- Recognize two distinct gas quality issues
- Encourage collaborative approaches
- Rely on independent technical experts
- Create a body of knowledge from studies
- Specify impacts and standards Commission will use to assess interchangeability
- Allow market-specific solutions